



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 135-60 – Common Interest Community Management Information Fund Regulations

Department of Professional and Occupational Regulation

April 19, 2002

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Common Interest Community Management Information Fund (fund) was created by Acts of the 1993 General assembly (chapter 958) and assigned to the Real Estate Board (board) for administration and support. The fund was established to "promote the improvement and more efficient operation of common interest communities through research and education." These regulations will be the first set in place for the administration of the fund.

Estimated Economic Impact

This proposed regulation describes the fund program, in minimal detail, as it has existed for several years. Condominium associations, cooperative associations, and property owners' associations are required to send an annual report listing the association's officers and contact information. The associations pay a \$25 annual fee that supports the fund.

The fund has been used to pay administrative costs for Department of Professional and Occupational Regulation (department) staff to provide information to the public concerning their rights under the law in regard to condominium associations, cooperative associations, and property owners' associations, as well as officer names and contact information for those organizations. The department responds to inquiries and sends informational literature to real estate agents and residents of condominium associations, cooperative associations, and property owners' associations.

The regulation states that "each annual report shall be on the form designated by the board or shall be a copy of the annual report filed with the State Corporation Commission." Thus, the required cost to associations will be the \$25 annual fee plus the time and cost of copying the annual report filed with the State Corporation Commission (or filling out the board's form) and sending it (as well as the \$25 fee) to the board. Members and prospective members of condominium associations, cooperative associations, and property owners' associations gain easier access to potentially useful information: their rights under the law in regard to the associations and officer names and contact information for those organizations. Easier access to officer contact information and specifics of the law may reduce costly misunderstandings. For example, a phone call to an association officer or to the department may clarify to an association resident what may or may not be built or conducted on their property. This may help prevent costly disputes or changes in construction that would have occurred without this information. No known data exists to quantify the value of the easier access to information. Thus, an accurate comparison of this benefit to the known costs cannot be made.

Businesses and Entities Affected

The proposed regulations affect the 3,500¹ condominium associations, cooperative associations, and property owners associations registered with the board, as well as residents and potential residents of condominiums, cooperatives, and properties within property associations.

Localities Particularly Affected

Localities with relatively high concentrations of condominium associations, cooperative associations, and property owners' associations are particularly affected by this regulation.

¹ Approximate figure provided by the Department of Professional and Occupational Regulation

Projected Impact on Employment

The fund does not significantly affect employment outside of the department. The department employs one part-time employee to administer the fund.

Effects on the Use and Value of Private Property

On the one hand the \$25 fee plus small cost of sending the annual report increases the costs of maintaining the associations, which are in most cases paid for by their residents. On the other hand, residents have easier access to information, which may in some instances reduce costly misunderstandings, which is not easily quantifiable. Thus, it is not clear whether in net the value of properties increase or decrease. The easier access to information may decrease the instances where residents use their private property in a manner that runs afoul of association restrictions.